

**Development Alternatives, Inc.**

**Indonesia & East Timor Program Support Initiative**

**Progress Report**

**December 2001 - May 2002**

Contract No. HDA-C-00-01-00136-00

for

US Agency for International Development  
Office of Transition Initiatives

2002

## **I. INTRODUCTION**

### **Background on the PSI Contract**

As of December 1, 2001, the DAI contract with USAID/OTI in East Timor changed from SWIFT contract number AOT-I-00-98-00199-00 01 to Program Support Initiative (PSI) contract number HDA-C-00-01-00136-00. The implementation of the transition between contracts was seamless. Like all OTI contracts, the PSI is being implemented under a class deviation for grants under contracts. This deviation allows OTI to make grants under contracts to U.S. organizations, Public International Organizations as well as to local, regional and national government organizations up to \$100,000 per grant.

The overall USAID program supports two key strategic objectives: promoting economic recovery and strengthening democratic institutions. The Office of Transition Initiatives (USAID/OTI) works closely with the USAID mission's programs in implementing activities in civil society strengthening; media development; rule of law; economic recovery; and pilot projects in community policing and civilian-military relations.

### **East Timor Political Context : December 2001 – May, 2002**

#### ***Summary***

This six month period documented East Timor's final steps towards independence. The beginning of 2002 saw the approval of a new Constitution by the Constituent Assembly. Xanana Gusmao was elected as East Timor's first president with more than three quarters of the votes on April 14<sup>th</sup>, 2002. On May 20<sup>th</sup> East Timor became the world's newest nation. This also marked the end of the United Nations Transitional Administration for East Timor (UNTAET) and the beginning of the United Nations Mission of Support in East Timor (UNMISSET).

During the same period, East Timor continued to make advances in bringing cases of human rights abuses to justice. The first crimes against humanity were tried in December 2001 in the "Los Palos case and the Reception, Truth and Reconciliation Commission opened in January 2002.

The departure of a large number of UNTAET mission staff was accompanied by a serious reduction in government generators, transportation and communications resources. Many areas of the country are crippled by the loss of this equipment and this presents another challenge, among many, for the new nation.

Following, listed by month, are more detailed descriptions of the major events mentioned above:

#### ***December 2001***

The Donors' Conference on East Timor was held in Oslo, Norway from December 11 to 13, 2001. The meeting focused on East Timor's independence on May 20, 2002, the recently launched national development planning process, and the medium term fiscal strategy. East Timor's Minister of Finance outlined the future government's broad macroeconomic policy objectives of achieving fiscal self-sufficiency by 2006, increasing savings and developing non-oil and gas sectors, and investing oil and gas revenues for the benefit of future generations.

Poverty alleviation and the diversification of the economy were also mentioned as key elements of the fledgling nation's development plan. Although the guiding principles structuring the medium term fiscal framework were generally supported, donors and representatives of the East Timor Public Administration (ETPA) agreed on the need to keep under review the assumptions underpinning revenue and expenditure projections. Prospects for a rapid recovery are hampered by impediments to private investment, including the lack of skilled labor, infrastructure, legislation for property rights and secure land tenure, and a legal and regulatory framework for business.

The Special Panel for Serious Crimes delivered verdicts in East Timor's first crimes against humanity trial, known as the "Los Palos case." All ten accused were convicted of committing a range of crimes against humanity in 1999 and the sentences ranged from 4 to 33 years. The Special Panel found that there was a widespread and systematic campaign of violence directed at the civilian population during 1999 at the direction of the Indonesian armed forces, and that contrary to many of the claims of the accused, they were aware that their acts were part of that campaign.

### *January 2002*

The Constituent Assembly voted to transform itself into East Timor's first legislature upon final approval of the Constitution. The vote ended a heated debate on whether or not legislative elections should be held in concert with the April 14th presidential election or shortly after East Timor marked its independence on May 20. The UN Security Council approved an extension of the United Nations Transitional Administration in East Timor's (UNTAET) mandate to the scheduled date of East Timor's independence, May 20<sup>th</sup> 2002.

A seven-member Reception, Truth and Reconciliation Commission took office in January. The Commission will operate for approximately two years, and oversee hearings on violence and human rights abuses from 1974-1999. The Commission will seek to support the reintegration of people who have committed minor offences through community-based reconciliation processes, referring more serious offences to the Serious Crimes Investigation Unit. Also in January, Indonesian President Megawati established the long awaited ad hoc tribunal to initiate trials against human rights abusers in East Timor. Three army generals, a police general and several middle ranking officers are among the 18 suspects who are facing trial. Legal experts and human rights groups are expressing concerns that the conditions for a just court have not been met.

### *February 2002*

East Timor independence leader Xanana Gusmao was nominated as a candidate for the first presidential elections by ten political parties, minutes before the registration deadline on February 23, 2002. Francisco Xavier do Amaral, a Deputy Speaker of the Constituent Assembly, was the second presidential candidate. Fretilin, the majority party, did not nominate a specific candidate. The presidential election was the third UN-administered ballot in East Timor. Unlike the previous two polls, East Timorese held a majority of seats on the Independent Electoral Commission's Board and managed all 13 district electoral offices.

The Constituent Assembly approved the draft text of the Constitution, envisioning a parliamentary system with a strong executive. The public consultations for the draft Constitution

began on February 25, scheduled for one week. The 88 Assembly members divided into 13 groups with each group visiting a district.

### *March 2002*

The Constituent Assembly approved the final text of the Constitution. The Constitution's articles were individually approved earlier in the year. A number of articles were subsequently amended to reflect suggestions made by the East Timor government, civil society organizations, district-level comments, and UNTAET. While a variety of opinions were expressed during the week long process of meetings across the country, observers found that a handful of issues were dominant concerns: the short period of the consultation process, the date of independence, the role of the Catholic Church, the powers of the President, and the Assembly's transformation into the Republic's first legislature. The Constitution formally adopts a republican system in which the president is head of state but the prime minister holds administrative power. A president is elected with a five-year term by direct vote, and the prime minister is elected by the unicameral parliament. The Constituent Assembly will continue to consider and discuss legislative matters until the entry into force of the Constitution at independence. Priority legislative issues included the labor code, a telecommunications bill, a public broadcasting bill, and the national budget for Fiscal Year 2002/2003, as well as international conventions and treaties.

The reduced UN presence in East Timor after independence will leave the new government with minimal legal and legislative support, Internet and telecommunications access, and vehicle maintenance services -- services currently supplied by UNTAET that will not be offered by the succeeding UN Mission. Plans are underway to ensure the new government can provide these services, although budget constraints and the short timeframe make this difficult. This is also the case for the current UNTAET television and radio services if an alternative mechanism is not found. The Council of Ministers approved a regulation creating a public broadcasting corporation. The public broadcasting corporation is to be independent and include national television and radio that will replace the networks currently run by UNTAET. The means for funding are as yet unidentified, raising the possibility that neither the television service, nor the national radio will be available long after independence.

### *April 2002*

Xanana Gusmao, independence hero and former guerrilla leader, won nearly 83 percent of the vote in the April 14<sup>th</sup>, 2002, presidential elections. Gusmao told lawmakers that he wanted them to focus on passing legislation which will ensure economic development for the country where almost half the population lives on less than half a dollar a day. He also said he would use his new role as president to scrutinize government policy. Under East Timor's new constitution the president plays a largely symbolic role but is able to veto some of the laws passed by the legislature. Real power lies in the hands of the prime minister and the government. East Timor's main resistance party, Fretilin, holds two-thirds of the seats in the 88-member assembly.

### *May 2002*

In a report to the Security Council, Secretary-General Kofi Annan presented the UN Mission of Support in East Timor (UNMISSET) to succeed the current UN Transitional Administration (UNTAET), which concluded its mandate on 20 May when the territory declared its independence. The new Mission will focus on the key areas of stability, democracy and justice;

internal security and law enforcement; and external security and border control. UNMISET planned to start out at about 5,000 peacekeeping troops and 1,250 police. The new mission will be gradually phased out over the next two years. Mr. Annan has appointed Kamalesh Sharma, who is now India's representative at the United Nations, as his special envoy in East Timor under the UNMISET Mission. Sharma has replaced Vieira de Mello at independence and the beginning of UNMISET.

On May 20, 2002, East Timor achieved independence. Secretary General Kofi Annan presided over the ceremony to hand over power from the United Nations Transitional Administration to the independent government of East Timor. Representatives of more than 90 countries attended the independence ceremony, including Indonesian President Megawati Sukarnoputri, Portuguese President Jorge Sampaio, Australian Prime Minister John Howard, and former US President Bill Clinton.

Since its inauguration by President Xanana Gusmao on May 20, the first Council of Ministers has requested and been approved for membership in the United Nations, requested entry into the Community of Portuguese Speaking Nations (CPLP), and initiated the process to join the World Bank, IMF and ADB. Also on May 20, Prime Minister Mari Alkatiri and Australian Prime Minister John Howard signed the Timor Gap Treaty, which would enable petroleum developments in the Timor Sea to proceed.

Five days prior to East Timor's independence, representatives of 27 nations, the European Commission and multilateral groups pledged over US\$360 million to support East Timor over the next three years. An additional US\$81 million is already available through the Trust Fund for East Timor and the UNTAET successor mission, the United Nations Mission of Support in East Timor (UNMISET). The second transitional government presented the National Development Plan, which details the development strategy of East Timor for the next five years, prioritizing poverty reduction and economic growth.

Since independence was achieved on May 20, the departure of UNTAET has led to a reduction of government communication and transportation resources, the impact of which will be most felt by district administrations. Transmission equipment formerly used to broadcast Radio UNTAET and TVTL was handed over to the East Timorese on May 31. While long-term funding and administration is still tenuous, the government has provided an emergency budget for the month of June and the Inspector General has taken the position of interim director until a Public Broadcasting Corporation is established.

## **II. USAID/OTI/DAI PROGRAMS IN EAST TIMOR**

### **Summary of Accomplishments: December – May, 2002**

The last Building Empowerment, Leadership and Engagement (BELE) program grants were awarded during the month of December 2001 and the program was phased-out after 9 months of implementation. BELE grants mainly provided in-kind agriculture and rural infrastructure rehabilitation inputs to local groups. Equipment such as hand tractors, piping for water distribution systems and materials to build durable irrigation canals helped jump-start many communities.

A number of the local BELE program partners continue to work with OTI in conjunction with the newly established Economic Recovery program which looks to support local organizations in their efforts to develop long-term income generating activities. The Economic Recovery program was started in late 2001 and has since provided critical support to the government in their efforts to maximize revenue from Timor Sea petroleum development and in capacity building within the Department of Natural and Mineral Resources. A number of micro-finance activities have also been funded, increasing access to micro-finance services by the rural poor.

The Civil Society/Governance, Media and Rule of Law programs continue to support the USAID mission strategic objective geared to strengthen democratic institutions. The Civil Society/Governance program continues its support to local organizations by providing funding to international NGOs like Catholic Relief Services who play a mentoring role with local organizations providing guidance with programmatic as well as managerial decisions. The Media program continues to provide support to organizations which strive to assure freedom of speech and freedom of the press in East Timor. The program also funded the widest radio coverage across East and West Timor and the distribution of local newspapers into refugee centers with the goal of getting objective information to refugees still in West Timor as well as to recent returnees.

The new Rule of Law program has provided support to the Ministry of Justice in the form of previously inaccessible law reference materials. The program has also provided funding to organizations that are monitoring the development of the judicial system including serious crimes investigations. Several activities which promote public outreach to local communities regarding the evolution of their judicial system and the provision of information to the population regarding their rights, have also been funded through this program.

During the period December 2001 to May 2002, 97 grants were awarded totaling \$3,372,451. The following sections have been divided by program area. Each section states the total volume of grants approved during the period and then lists representative activities that were funded during the six month period. Graphs summarizing the numbers of grants awarded and disbursements can be found in the appendices.

## **1. Project BELE**

Grants in the BELE program area totaled \$186,013 for the six month period dating December 1, 2001, through May 31, 2002.

In December, the BELE community stabilization initiative approved the last cycle of 18 grants totaling \$169,373 to be funded under this project. Pending applications in Baucau District have been handed over for consideration under the portion of the USAID/OTI-funded BELE project implemented by IOM.

A three-week external evaluation was conducted of the design, implementation, and impact of USAID/OTI's Transition Engagement for Population Support (TEPS II) and the follow-on Building Empowerment, Leadership and Engagement (BELE) program. The evaluation's purpose was to assess how well grants helped communities to 1) establish priorities in responding to perceived critical needs; 2) participate and mobilize members' efforts through project completion; 3) contribute to their own durable recovery; and 4) create impact that

members perceive as positive. TEPS II and BELE small grant activities have generally succeeded in breaking some bottlenecks and filling critical gaps in the functioning of selected communities in a transitioning East Timor society. It is especially those grants in agriculture (including some agro-processing activities), schools, markets, and water and sanitation, that have responded to perceived critical needs and which mobilize people's efforts. Less obviously responsive and demanding of people's energies were roads, selected income generation activities, and sports facilities.

Key recommendations for the future included: 1) Efforts to fill gaps and build community empowerment should be continued, though projected towards more developmental goals; 2) transition grant programs should attempt to identify and build local partnerships regardless of whether or not there is a local government entity; 3) a narrowing down of the number of sectors addressed by grants should be considered as a management option; and 4) development of economic infrastructure in East Timor will be dependent on strong local democratic government institutions. Therefore, any strategy to address gaps in the economic infrastructure, also need to support the development of such locally transparent and accountable institutions.

## **2. Economic Recovery and Income Generation**

Grants in the Economic Recovery and Income Generation program area totaled \$1,321,095 for the six month period dating December 1, 2001, through May 31, 2002.

In December, the Program approved two grants, the first to support the Ministry of Agriculture in improving the quality of local rice seed, which in turn will help farmers obtain better prices for their produce, and the second in the amount of \$1,100 to support the participation of East Timorese government staff in cross-border discussions with Indonesia on the demarcation of the land border. The first grant was subsequently later withdrawn due to lack of capacity in the Ministry of Agriculture for such a complex grant so early on.

The Economic Recovery Program team also finalized the recruitment of two expert private sector development advisors who worked with the Planning Commission in conducting analysis and incorporating the necessary elements of an enabling environment for private sector development. The effort was part of the overall national development planning process. The Commission developed a 5-year development plan by the May 20<sup>th</sup> Independence date. The Private Sector team developed a strategy for government options to promote growth of the private sector.

In January, the program supported the income generating activities established by BELE program grants by funding KLIBUR, the East Timor Cooperative and Small Enterprise Training Center. Klibur is a local NGO with an excellent record of helping cooperatives of coffee farmers in East Timor. With a grant of \$7,800, Klibur is providing business and marketing training to the farmers groups supported by Project BELE to help them manage resource and marketing problems more effectively. Twenty-three farmers groups participated in six districts: Baucau, Manantuto, Manufahi, Ainaro, Bobonaro and Liquica.

USAID/OTI finalized three grants in February under the Economic Recovery program totaling \$279,857. The grants support development of the maritime boundaries (\$68,790), expertise and capacity building for demarcation of the border between East Timor and the Republic of

Indonesia (\$181,200), and office refurbishment of Agriculture Department field offices (\$29,867).

A grant for \$68,790 provides technical expertise in order to maximize East Timor's resources in the Timor Sea. A grant for \$181,200 to the East Timor Transitional Public Administration provides expertise and capacity building for border demarcation. On-going negotiations and hopes for normalization of relations between East Timor and Indonesia will be strengthened by this grant, which provides experts and logistical support for officers in the Ministry of Foreign Affairs and Cooperation to fully participate in negotiating border demarcation and border arrangements with Indonesia. As a result of UNTAET downsizing, ETPA Ministry of Agriculture and Fisheries field staff was left without furniture and equipment. A grant of \$29,867 to the Ministry enables the field staff to continue to function, a critical need given the lack of alternative extension services in most of East Timor.

Five new grants in March under the Economic Recovery Program totaled \$419,000, supporting activities from training for government officials to protect the country's valuable maritime resources to a grant to entrepreneurial farmers and businesspeople in Liquica to demonstrate the potential of banana leaves as a new export crop for East Timor.

Maun Alin Timor Loro Sa'e Corp is a group of concerned businesspeople and farmers who developed a pilot for a new export crop in East Timor - Abaca banana trees. USAID/OTI provided a grant in the amount of \$57,800 to provide funds and material to support the establishment of a cooperative social venture developing land and local farming capacity in Liquica to grow and manage this commodity, which has demonstrated clear market demand.

A grant of \$69,900 to support the East Timor Study Group (ETSG) to conduct case studies on land use and economic growth in two sub-districts was also made in March. ETSG will research the dimensions of ownership and use conflicts, and present its findings in workshops that will contribute to the policy debate on the issue in East Timor. A grant to the East Timor Public Administration (ETPA) develops East Timor government knowledge and capacity in the oil and gas sector. It provides a set of tools from facilitated discussion, policy seminars, formal training and research initiatives, to geological hammers and other equipment for policy and resource management needs of ETPA.

The Program made 4 new grants in April, totaling US\$ 427,000, to support micro finance, provide legal expertise and capacity building to manage the resources of the Timor Sea, and build access to information via East Timor University's National Research Center. To support access to micro finance in urban areas, a grant was made to Catholic Relief Services for \$99,968 for implementation of a sustainable credit and savings program serving 6000 poor women entrepreneurs in Dili and Baucau districts. CRS will strengthen a locally managed micro finance NGO in East Timor through training and technical assistance in the design, implementation, monitoring and evaluation of their credit and savings program. The project will also advocate for a conducive legal and regulatory framework for micro finance in East Timor.

A grant of US\$82,000 to the Ministry of Economic Affairs, Office of the Timor Sea will provide training and technical expertise government officials to enable them to implement East Timor's understanding with Phillips Petroleum and to develop the capacity and expertise of East Timor government officials involved in the project.



In April, a grant to Centro Nacional de Investigacao Cientifica (CNIC) helped strengthen East Timor's National Research Center in its mission to undertake basic and applied research on economic issues that can contribute to the social, economic, cultural and political development of East Timor. The grant of US\$ 46,000 provided access to information and published materials (email, internet and academic journals) with research agencies at home and abroad on the pertinent issues of relevance to East Timor. The grant facilitates training, workshops, conferences for academics and wider community.

The Economic Recovery program signed three new grants in May totaling almost \$300,000, which addresses the critical need for financial services and investment to build a new nation.

Bank Rakyat Indonesia (BRI), a state-owned bank and world leader in sustainable micro finance, will return to East Timor to assess the feasibility of re-entry into East Timor's micro finance market under a grant for \$199,369. During the Indonesian occupation, BRI provided financial services in East Timor, but all operations ceased and most offices were destroyed in the violence of 1999. USAID/OTI will fund a feasibility assessment of reintroducing nationwide, market-based, sustainable financial services for the "unbanked majority" of East Timorese through the resumption of operations (in some form) by BRI. A key part of this assessment will be to assist BRI and East Timorese leadership in determining the most appropriate institutional mechanism for reestablishing previously viable micro finance banking services in East Timor, and if appropriate, to help both parties design and initiate BRI reentry into the East Timor market. With a grant in the amount of \$82,550 to The Asia Foundation, funding will support survey research to provide a mapping of East Timor's international trade patterns and a comparative analysis of the costs related to export-oriented manufacturing in East Timor and Indonesia. Cooperativa Credito Fini Soromutu (CCFS) with a grant of \$9,900 provision of office equipment to the credit union cooperative will support and strengthen micro financial activities.

### **3. Civil Society/Governance**

Grants in the Civil Society/Governance program area totaled \$787,393 for the six month period dating December 1, 2001, through May 31, 2002.

In January, three grants were made to the International Organization for Migration (IOM) totaling \$167,577, including support for an oral history project focusing on the 24-year resistance to Indonesian occupation. The oral history project also included a 12 week radio program aired in the run up to East Timor's independence on May 20, 2002. Another grant to IOM will support the production of four short videos on East Timor to be shown in the camps in West Timor. During a joint Indonesia and East Timor team visit to Kupang in October, NGOs working in the West Timorese camps suggested that visual images of East Timor would help dispel misperceptions about the situation in East Timor among the refugee communities in West Timor.

USAID/OTI made one grant in the amount of \$11,250 to the NGO Forum for the operation of the information technology services of the Forum. The Forum is an umbrella organization of East Timorese civil society organizations, which provides, among other services, computer repair and Internet services to its member organizations. Also in the area of civil society, USAID/OTI provided a grant to Catholic Relief Services for a "Communicating for Humanity" project, in the amount of \$99,516. The project includes training and sub-grants designed to help local organizations effectively communicate through the media, conducted in conjunction with

Internews. The sub-grants will be given to local organizations at the district level to assist them in carrying out media related activities.

In February, USAID/OTI made five grants totaling \$145,245. USAID/OTI supported the rehabilitation of three district offices for the local NGO RENETIL, in Ermera, Suai, and Manatuto, with a grant in the amount of \$27,600. Founded in 1988 by East Timorese students, RENETIL has developed an extensive network of members and supporters throughout East Timor and was a key force in advocating for East Timor's independence. This network now provides a strong basis for future civic education and public information activities. These three district offices will provide a base for RENETIL's civic education activities in the districts as well as a space for coordination with the UNDP district civic education teams and other groups.

USAID/OTI made ten new grants during the month of March. This included continued support for the popular Tetum-language children's magazine LAFEAK, which addresses issues of human rights and democracy. This \$88,500 grant allows CARE to expand production and distribution to 200,000, ensuring that all of East Timor's primary school children will have a copy to take home and share with their families. LAFEAK is in its fourth edition and, with the virtual absence of textbooks and reading materials for school children, has become very popular. Sample interviews with students, teachers and parents indicate that families as well as students read the magazine, as it serves as the only entertaining reading material in rural communities. After four editions, the children's magazine LAFAEK produced by CARE has become very popular. Testing and interviews with a cross-section of teachers, parents, and community residents have registered a positive change (in 75% of the students and parents interviewed) in readers' levels of awareness of and knowledge about children's rights, human rights, community cohesion, conflict resolution, mutual tolerance and acceptance, peace building, and community development. Expanded USAID/OTI support will allow the magazine to expand its circulation for the fifth edition.

As East Timor's first presidential elections approached, USAID/OTI supported activities to help facilitate active participation in the political process and to ensure a peaceful transition. These included grants to local organizations, RENETIL (\$6,300), TILMO (\$500), and the Election Observation Forum (\$615), to conduct both medium-term and Election Day observation activities for the April 14 presidential elections. The grant will ensure that these organizations, all of which supported civic education and other democracy-related programs in the past, will remain active and engaged in the political process.

The officially reported figure was 86% voter turnout in East Timor's April 14, 2002 Presidential Election. USAID/OTI support to civic education, public information, and election observation to numerous local grantees have combined to ensure an 86% turnout, and to contribute to East Timor's first Presidential Election being peaceful and transparent.

In May, a grant to the Justice and Peace Commission of Baucau (JPC) in the amount of \$32,300, supported the first six months of a citizenship education project in the four eastern districts of East Timor to encourage citizen participation in decision-making processes at the local level. The JPC will build on the Catholic Church's network of catechists and other community contacts to develop a program that will enjoy broad community participation. USAID/OTI also provided a grant in the amount of \$7,935 to Centro Feto, one of the few local NGOs in the Oecusse enclave that focuses on women's issues, to support ongoing civic and gender education and a domestic violence campaign.

#### 4. Media

Grants in the Media program area totaled \$772,152 for the six month period dating December 1, 2001, through May 31, 2002.

In December 2001, USAID/OTI provided a grant to the Timor Post in the amount of \$26,400, to continue distribution of newspapers in West Timor and to major community centers, such as churches and health posts in East Timor. The distributions in West Timor are carried out by the Jesuit Refugee Service, which maintains a presence in both East and West Timor. Additionally, USAID/OTI East Timor has made another grant in the amount of \$48,400 to the district reporter desk of Radio UNTAET. The project has included a lengthy process of training, distribution of equipment, and establishing programs based on reporting from the districts, which has proven to be extremely successful in bringing information from the districts to the national news broadcasts.

Given USAID's strong investments in the media sector in East Timor, USAID/OTI also supported an assessment of the state of East Timor's media, carried out in January and February. The Timor Loros'ae Journalist Association, with a grant in the amount of \$15,000, undertook efforts to lobby East Timor's Constituent Assembly on freedom of speech and freedom of the press. These efforts have included submissions to the Constituent Assembly, radio interviews, articles in the newspapers, and discussions with individual Assembly members. This media study assessed the level of development of East Timor's media sector, ranging from the two daily newspapers published in Dili to the number of community radio stations active in rural areas. The team also examined issues of concern for the future of media in East Timor, including the future of Radio UNTAET and questions regarding the creation of an independent national broadcaster. The media assessment generated fruitful discussion, particularly surrounding the issue of the establishment of a national public broadcaster, and including articles in the print media on the role of the mass media in East Timor. USAID/OTI grantee Internews has provided important support for these efforts.

Throughout the month of January with a grant in the amount of \$43,386, Internews provided in-house training for the main daily newspaper "Suara Timor Loro Sa'e". The basic journalist training included one-on-one editorial advice on a daily basis, direction on layout and training on how to access information from outside news outlets. Internews also trained the journalists, announcers and production staff of Radio Tokodede, a local radio station in Liquica district. Radio Tokodede inaugurated the station with its first broadcast in Tetum and Bahasa Indonesia. Internews will work with RadioTokodede on local language programming.

The activities of the Constituent Assembly press office, supported by USAID/OTI through a grant to Internews, continue to attract wide acclaim. Without the USAID/OTI support, the press office would not be able to put out the daily press briefings in English and Tetum which are vital to keeping the local and international media, NGOs, and other observers informed about the constitutional drafting process.

Refugee returns surged to 4,000 in March, the highest monthly total in two years. Over 60,000 East Timorese refugees remain in West Timor, and lack of access to accurate information regarding conditions in East Timor is a central reason for their reluctance to return. USAID/OTI's media program has helped address this information shortage by funding a ten-day

visit of five journalists from West Timor to report on the situation in East Timor as independence approached. These journalists covered issues relating to the economy, politics and general welfare of the people of East Timor. On their return to West Timor, their stories were carried on both national and local media in West Timor. Another USAID/OTI grant in the amount of \$72,200 is supporting a radio program, broadcast five times daily, to provide refugees and returnees with independent, objective, useful and credible information in their own languages to allow them to make an informed choice about their immediate and long-term future. The grantee, Foundation Hironnelle established partnerships with radio stations in East and West Timor that have provided the widest coverage of any radio program across the island of Timor.

In addition, USAID/OTI supported East Timor's two weekly magazines, Lian Maubere (\$5,600) and Talitakum (\$3,600), to work with local civil society organizations to develop and run full-page civic education messages for twelve editions, covering the period from the lead-up to the presidential elections through independence. These grants build a powerful synergy between local democracy groups and media.

USAID/OTI made three grants in the media sector during the month of April, with a focus on community radio stations. These included grants to supply both Radio Comunidade Lospalos (RCL) with a grant in the amount of \$9,000, and Radio Comunidade Maliana with a grant in the amount of \$18,400, with new 30-meter towers. The towers will enable both stations to expand their broadcast reach. Given the uncertain future of the nation-wide Radio UNTAET, USAID/OTI would like to ensure that active community radio stations are empowered to reach as many people as possible.

With UNTAET's involvement in TV and radio services coming to an end in May, USAID/OTI agreed to fund Fondation Hironnelle's assessment to evaluate the proposed transition of Radio UNTAET and the television service to an independent Public Broadcasting Service. With a grant in the amount of \$17,548, the assessment ran from May 1 – 9, 2002, and included an analysis of the present set-up; an identification of possible future weaknesses, needs, and opportunities; and a discussion of possible solutions with UNTAET, senior management, and the East Timorese political leadership. Meanwhile, East Timorese policy makers are grappling with the regulations and other structures necessary for the future public service to be put in place, as well as identifying possible funding.

USAID/OTI also approved a new studio renovation for Radio Rakambia, a student/community radio station popular among the under 25 age group in Dili, with a grant in the amount of \$11,200. Due to a land dispute from the Indonesian period, Radio Rakambia is being forced to move from their current studio. The new studio will give Radio Rakambia more space and opportunity to put in air conditioning and other upgrades that will help to ensure a longer lifespan for their existing equipment. Radio Rakambia is the third most popular radio station in Dili behind Radio UNTAET and the Catholic Church's Radio Timor Kmanek.

The USAID/OTI media program continued to support local community stations in May. USAID/OTI provided equipment to Radio Falantil with a grant in the amount of \$9,000, to help strengthen its broadcast programs and local news gathering capacity, and made a grant in the amount of \$10,900, to build Radio Comunidade Maliana's community outreach capacity.

To address the limited information available to refugees in West Timor about the situation in East Timor, USAID/OTI funded four grants in the amount of \$69,920 to continue the distribution

of East Timor's two daily newspapers and two weekly magazines, which provide the estimated 30,000 to 50,000 refugees who remain in West Timor with a good picture of the political, economic and social conditions in East Timor during the country's first two months of independence. This information will help refugees make an informed decision on whether to return to East Timor.

A USAID/OTI-funded radio program based on an oral history of East Timor's resistance to Indonesian rule, produced by the International Organization for Migration, began airing at the end of April and has been widely praised. With equipment upgrades supported by USAID, Radio Comunidade Maliana (RCM) is back on the air after over a month hiatus.

With over \$2 million in grants, USAID/OTI has been the leading supporter of local media while also being one of the leading advocates for the transition of Radio UNTAET and TVTL into an independent Public Broadcasting Service. USAID/OTI raised concerns about the media transition long before any other stakeholders and helped ensure that it was an issue addressed before UNTAET withdrew. While the new Radio and TV service is on shaky footing and has yet to be constituted into an independent Public Broadcasting Service, it is on air. USAID/OTI will continue to follow this issue closely and look for ways to provide short-term support while also continuing to push for long term planning for a sustainable independent Public Broadcasting Service.

## **5. Rule of Law**

Grants in the Rule of Law program area totaled \$155,569 since its inception, through May 31, 2002.

USAID/OTI made a new grant in the amount of \$945 to the Ministry of Justice for the purchase of legal reference books in Indonesian. Although Indonesian is the language in which most of the judges, prosecutors, and public defenders were educated, most of them have not had sufficient access to law reference books since the establishment of East Timor's judicial system in 2000. USAID/OTI has also made a follow-on grant to the Judicial System Monitoring Programme in the amount of \$94,400 to continue their work of monitoring and documenting the development of the judicial system, including the Serious Crimes Unit's investigation and prosecution of crimes against humanity perpetrated during the post-referendum violence in 1999. The new grant also includes increased support for public outreach and information on the development of the justice system.

USAID/OTI also made a grant in the amount of \$98,197 to The Carter Center to carry out community level activities surrounding rule of law. These activities include community level meetings to share information about the judicial system, legal issues, and traditional conflict resolution mechanisms. The Carter Center carried out two successful community level meetings on rule of law in Los Palos and Ermera districts. The meetings were well attended and touched on a wide range of topics, including the role of the police, the judicial system, the work of human rights and advocacy organizations, and informal versus statutory justice.

USAID/OTI has supported a number of endeavors in the critical area of public outreach and information. The emphasis on public information about the judicial system, the role of the police and the military, the work of the Serious Crimes Unit, and the importance of institutional safeguards against abuse and corruption is a response to strong demands from communities for

more information. With the establishment of the justice system, the gradual transfer of responsibilities from the Peace-keeping Force to the East Timor Defense Force and from CivPol to the East Timor Police Service, and the ongoing work of the Serious Crimes Unit, many communities are eager for more information about the responsibilities of different institutions and where they may turn for help under what circumstances. USAID/OTI's increased support to projects with a public information component, including grants to the Carter Center, the Judicial System Monitoring Programme, and the Coalition for International Justice, have helped address this need.

With a grant in the amount of \$34,586 to the Serious Crimes Unit, the special unit set up to prosecute cases of crimes against humanity perpetrated during the 1999 post-referendum violence, will assist in the public outreach program of the unit. Outreach efforts are critical to maintaining confidence in the justice process and demonstrating that progress has been made in bringing perpetrators to justice. Under the grant, a video series "the Road to Justice" will be completed. USAID/OTI has also provided a small grant in the amount of \$1,300 to the Jurists' Association to cover transport costs for members of the East Timorese judicial system to attend a conference in Singapore on peace-building, reconstruction and the establishment of rule of law. A grant in the amount of \$18,500 was also made to the NGO Forum, an umbrella organization of local NGOs, to send NGO representatives to Indonesia to monitor the Ad Hoc Tribunals to try top military figures and others involved in the 1999 violence in East Timor. With USAID/OTI support, the NGO Forum will also run information seminars at the district level to provide information about the progress of the tribunals.

In April, a \$19,600 grant was completed to support an independent legal aid organization, Ukun Rasik An. The organization provides pro bono legal aid services, including representation in court and mediation leading to out of court settlements. Founded in 2000, the organization began work in 2001 and has handled dozens of cases, assisting people to access the justice system and relieving pressure from the already over-burdened public defenders.

In May, one of two USAID/OTI grants totaling \$4,738 went to the administrative body tasked with developing the policy framework and drafting legislation that will enable the creation of the Office of the Provedor, as called for in East Timor's constitution. The creation of the Provedor's Office is widely seen as a critical step in the promotion of human rights and government accountability in East Timor. The office will function as an ombudsman and a human rights commission, providing citizens with an independent body with the power to investigate human rights abuses, corruption, and abuse of power by government entities. USAID/OTI will fund a conference to discuss the proposed office and disseminate information about its function, after which enabling legislation will be drafted. The office is to be established by September 2002.

## **6. Ex-combatant Reinsertion**

An independent consultant completed an evaluation (funded through the OTI/DAI grant mechanism) of the Falintil Re-insertion Assistance Program (FRAP), a demobilization program for East Timor's Falintil guerrillas funded principally by USAID/OTI and the World Bank, and implemented by IOM. The program ended in early 2002. The evaluation, consisting of a tracer study and a series of focus groups, aimed not only to assess the success of the program but also to review the policy implications of decisions surrounding the demobilization programs and veterans issues, with a view toward a basis for future policy-making in these areas. Initial results from the evaluation found that the FRAP program had been largely successful in fostering the

economic and social reintegration of demobilized Falintil, thereby addressing the potential for conflict arising from Falintil's long period of cantonment in 1999 and 2000.

### **III. OPERATIONS**

#### **a. Administration**

In April of 2002, in a move to give greater authority and responsibility to the Administrative Coordinator, an East Timorese National, many of the administrative and operational responsibilities were transferred to the Administrative Coordinator, Antonio Gusmao. This was also done in part as the Deputy Chief of Party, Bryn Johnson, took over responsibility of the Grants Management staff upon expiration of Soehargono's, the Senior Grant Manager, contract. Since this move took effect, Antonio Gusmao has shown increased day-to-day leadership, responsibility, and authority over the administrative and operational management of the project.

#### **b. Staff**

##### **i. National Staff Employment**

Hired:	None
Resigned:	None
Terminated:	None
Contracts Expired:	2 Assistant Program Managers 1 Logistics and Procurement Supervisor 1 Senior Grants Manager 1 Assistant Grants Manager 2 Drivers

##### **ii. International Staff**

Hired:	Ted Lawrence, Media, Civil Society and Governance Program Manager
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Contracts Expired:	John Doyle, BELE Program Manager
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#### **c. Logistics and Procurement**

With the expiring of the contract of the Logistics and Procurement Supervisor, a Third Country National, an East Timorese National staff member filled the vacancy. The Logistics and Procurement department is currently completely staffed by East Timorese Nationals. The current Logistics and Procurement Supervisor, Reginaldo Francisco, has already proved to be competent, energetic, diligent, and hard working.

#### **d. Construction/Renovation**

With some relatively minor renovations and refurbishments, the former USAID/OTI/DAI Guest House officially became the residence of Program Manager, Ted Lawrence. With the large variety of accommodations now available for visitors to Dili, and the departing of all permanent

residents from the Guest House, it no longer became practical or financially feasible to run and operate the property as a Guest House. All Guest House funds have been expended, leaving a zero balance in the fund.

The USAID/OTI/DAI project continues to successfully share renovated space with the USAID/DG program. Both offices work together closely without problems.

e. Finance

Total grants awarded during the six months of December 2001 to May 2002 were 97. A total of \$3,372,451 in grants was awarded in the six months with a total of \$1,647,220 disbursed in the same period. The amount disbursed versus the amount awarded is primarily due to the large volume of cash grants where final tranche amounts are not paid until the end of the grant. These payments are due to be paid in the final months of the contract.

Additional financial information for the project is attached in Appendix I-V.

f. Visitors and Short Term Project Support

Various visitors ranged from visits by USAID/Jakarta and USAID/OTI/Jakarta staff, to a trainer from the U.S. Travel and logistics support is continued to be provided to the USAID/DG office by the USAID/OTI/DAI office.

With the arrival of East Timor's Independence Day Celebrations on May 19 and 20, 2002, accommodations throughout the city's hotels became fully booked. All reservations made by this office, however, were made far enough in advance so as to not pose a problem in this regard.

The USAID/OTI/DAI East Timor office hosted a workshop in April, with additional participation by staff from USAID Jakarta and facilitated by a facilitator from the U.S.

#### **IV. GRANT ACTIVITIES ACROSS PROGRAMS**

##### **(Appendix I – V)**